

JUNIOR GOLD

Investing in the mining giants of tomorrow

Update February 2015

Fund objective

To provide long-term capital growth from a globally diversified portfolio investing primarily in small to medium capitalization companies specializing in identifying, developing and extracting gold. It may also invest in mining companies extracting other precious metals. There may be occasions, in light of adverse market conditions, when the Investment Manager chooses to hold high levels of cash, bonds and government securities. The Investment Manager may use derivatives for efficient portfolio management purposes only.

Key facts

Fund Category: Natural Resources Specialist
Charges:

"C" shares (>£1k): 5.25% Initial, 1.75% Annual

"I" shares (>£50k): 0.5% Initial, 1.5% Annual

"P" shares (>£1m): 0.5% Initial, 1.1% Annual

Authorised Corporate Director: Marlborough Fund Managers Ltd

Fund Adviser: Angelos Damaskos

Minimum Investment: £1,000 or £100 per month

Eligible for NISAs and SIPPs

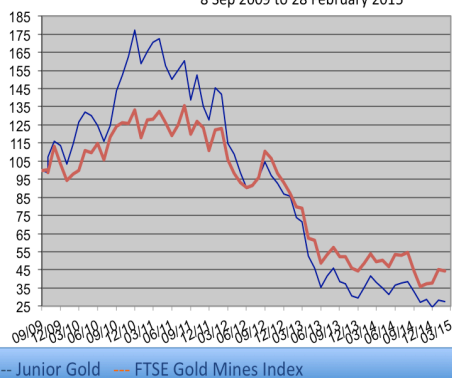
Fund NAV at 28.2.15: £7.4m, share price: 27.57p

Macro-economic positioning

- Current macro-economic conditions make gold an attractive alternative store of value
- Government money-printing could stimulate inflation against which gold is considered a hedge
- Very strong investment demand for gold ETFs and gold coins
- Gold mining equities can offer better returns than gold bullion
- Smaller companies tend to outperform their larger counterparts

Fund share price performance

Junior Gold vs. FTSE Gold Mines Index
8 Sep 2009 to 28 February 2015



Since launch: -72.4%
28.2.14 – 28.2.15: -33.7%
28.2.13 – 28.2.14: -43.6%
29.2.12 – 28.2.13: -48.0%
28.2.11 – 29.2.12: -14.4%
28.2.10 – 28.2.11: +44.8%

Sector Investment Managers Ltd

On 1.10.10 the fund changed its name and objective, therefore, past performance shown above prior to this date was achieved under circumstances that no longer apply.

How to invest

Call Marlborough Fund Managers:

0808 145 2501

For further information and documentation visit:

www.juniorgold.co.uk or
www.sectorinvestments.com

Risk Considerations: Past performance is not necessarily a guide to future performance. The value of your investment can go down as well as up. The fund invests in smaller companies which may carry a higher degree of risk than larger companies. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase. The fund focuses on a specific sector and has a concentrated portfolio which can lead to greater volatility.

Management track record

The fund is advised by Sector Investment Managers Limited (SIM), authorised and regulated by the Financial Conduct Authority. SIM also advises the Junior Oils Trust, a fund focusing its investments in junior oil and gas exploration and production companies (for information: www.junioroils.com). SIM's management and advisers have extensive experience of investing in gold mining companies.

Junior Gold update 12 March 2015

Dear Investor,

The start of a massive new Quantitative Easing programme by the European Central Bank has been the latest episode in the world's addiction to debt. As the ECB started buying various sovereign bonds via this programme, it has been accepting negative yields as it typically holds such bonds to maturity. In a world with deflationary risks, negative interest rates on deposits and weak growth, investors tend to disregard the most fundamental driver of investment – making a real return on capital. Under the circumstances, the strength of equity and bond markets are an irresistible lure to the detriment of other, traditional, safe havens. Gold has surrendered its gains for the year as worries about Greece's exit from the Eurozone subsided and financial markets reached new all-time highs fuelled by central bank liquidity. The strength of the US Dollar has also made trading conditions harder for commodities in general. As the US economy appears to be improving, with better employment and some growth, the FED might be inclined to start raising interest rates this year. The perception of relative strength has benefitted the US dollar compared to currencies backed by arguably more solid economic fundamentals such as the Canadian and Australian dollars.

Whilst it can be exasperating to see persistent weakness among precious metal prices, we must not forget that every portfolio needs some insurance against the unexpected. Risks to global financial, economic and political stability abound with Islamic militancy against the establishment rising, Russian geopolitical posturing, the Eurozone's integrity being tested and much of the emerging markets under financial stress. In particular, the socialist wave in Europe seems to be growing, led by a fractious, inexperienced coalition government in Greece that seems to be trapped between the hard economic reality and a populist mandate based on dreams. Should one of these issues get out of control, gold could regain its place as a store of value with financial flows pushing its price higher.

Junior Gold also lost most of its gains in the year to date as gold shares were sold off on the back of gold falling below the psychologically important \$1,200/oz level. The majority of mining companies have been striving to reduce costs and strengthen their balance sheets over the past two years and many appear viable at gold prices well below \$1,000/oz. Nevertheless, a few filings for bankruptcy protection and debt restructurings, by companies that have been known for their difficulties, have again raised concerns on the health of the sector should commodity prices fall further. Investors are naturally focusing on earning capacity and sustainability favouring the healthier operations, but the generally negative sentiment impacted all shares. We believe that the portfolio of Junior Gold is well positioned to survive current weakness and benefit from the sector's re-rating when gold prices rise again.

Angelos Damaskos
Chief Executive Officer

For dealing/inquiries on Junior Gold call Marlborough Fund Managers:

0808 145 2501 or email dealing@marlboroughfunds.com

Junior Gold qualifies for SIPPs and NISAs
Further information on Junior Gold at www.juniorgold.co.uk

RISK WARNING:

Past performance is not necessarily a guide to the future. The value of investments and the income from them may go down as well as up. Investors may not get back their original investment. The fund invests in smaller companies and some of which are listed on the Alternative Investment Market which may carry a higher degree of risk. The shares of smaller companies may be less liquid and more volatile over shorter term periods. Changes in exchange rates between currencies may cause the value of investments to diminish or increase.

This material is directed only at persons in the UK and is not an offer or invitation to buy or sell securities. Opinion expressed whether in general or both on the performance of individual securities and in a wider economic context represents the views of Sector Investment Managers Ltd at the time of preparation based on SIM's internal analysis which may have not been verified by independent sources. They are subject to change and should not be interpreted as investment advice. Before making an investment in the fund, it is important that you read the Key Investor Information Document. Prospectus and Key Information Document are available free by visiting the websites above. Sector Investment Managers Ltd and Marlborough Fund Managers Ltd are authorised and regulated by the Financial Conduct Authority.